

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

|                             |   |                 |
|-----------------------------|---|-----------------|
| THE NOTICE OF PURCHASED GAS | ) |                 |
| ADJUSTMENT FILING OF MIKE   | ) | CASE NO. 8799-B |
| LITTLE GAS COMPANY, INC.,   | ) |                 |

O R D E R

On September 27, 1983, the Commission issued its Order in Case No. 8799 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On December 7, 1983, Mike Little Gas Company, Inc., ("Mike Little") notified the Commission that its wholesale cost of gas would be increased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West"), effective January 1, 1984, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

It is the Commission's policy that line loss for gas utilities be limited to 5 percent. This was the amount allowed in Mike Little's last rate case.<sup>1</sup> Thus the sales volume used to compute the adjustment per Mcf should be a minimum of 95 percent of purchases.

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<sup>1</sup> Case No. 8799, Order Issued September 27, 1983, page 5.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Mike Little's notice of December 7, 1983, set out certain revisions in rates which Mike Little proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier in the amount of \$482 or .53 cents per Dth.

(2) Kentucky West has filed an application for increased rates to become effective January 1, 1984, with the Federal Energy Regulatory Commission.

(3) Mike Little experienced line loss of 7.67 percent based on the information supplied in its notice of December 7, 1983. The amount in excess of 5 percent is unreasonable and the purchase cost should not be recovered.

(4) The sales volume used to calculate the adjustment per Mcf to recover changes in gas cost should be a minimum of 95 percent of purchases or 78,434 Mcf, rather than the 76,231 Mcf used by Mike Little.

(5) Mike Little's proposed rates are unreasonable because they allow for the recovery of excessive line loss and therefore should not be allowed to be placed into effect.

(6) The adjustment in rates set out in the Appendix to this Order, determined under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8799 dated September 27, 1983, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after January 1, 1984, subject to refund.

These rates should be subject to refund because Kentucky West's rates are subject to refund.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after January 1, 1984, subject to refund.

IT IS FURTHER ORDERED that Mike Little shall compute its adjustment in rates based on 95 percent of purchases when line loss exceeds the 5 percent found reasonable.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Mike Little shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 20th day of December, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC  
SERVICE COMMISSION IN CASE NO. 8799-B DATED  
December 20, 1983.

The following rates are prescribed for the customers in the area served by Mike Little Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

|                            |                  |
|----------------------------|------------------|
| First 1 Mcf - Minimum Bill | \$6.8830 Per Mcf |
| All Over 1 Mcf             | 6.6732 Per Mcf   |

The base rate for the future application of the purchased gas adjustment clause of Mike Little Gas Company, Inc., shall be:

Commodity

|                                       |                   |
|---------------------------------------|-------------------|
| Kentucky West Virginia<br>Gas Company | \$4.2426 Per Dth* |
|---------------------------------------|-------------------|

\*Including \$0.0125 Gas Research Institute Funding Charge